

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

--	--	--	--	--	--	--	--	--	--

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

BAC1044 – PRINCIPLES OF ACCOUNTING

(All sections / Groups)

6 June 2018
2.30 p.m -4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of 4 printed pages excluding cover page with 4 questions only.
2. Answer **ALL** questions. Marks are shown at the end of each question.
3. Answer in the answer booklet provided.

QUESTION 1

The following balances have been extracted from the books of Sajiah Enterprise, a small business as at 31 December 2017.

	Debit RM	Credit RM
Capital		50,000
Drawing	4,500	
Purchases and sales	90,000	120,000
Inventory, 1 Jan	19,000	
Account receivable and payable	8,700	5,600
Returns	1,000	1,300
Discounts	500	700
Salaries and wages	20,800	
Motor vehicles expenses	2,400	
Rent expenses	6,600	
Heating and lighting	2,500	
Telephone	1,500	
General expenses	4,900	
Carriage inwards	1,700	
Carriage outwards	2,000	
Bad debts	1,500	
Motor vehicles (cost)	85,000	
Office equipment (cost)	20,000	
Accumulated depreciation – Motor vehicles		25,500
Accumulated depreciation – Office equipment		5,000
Cash	55,000	
Bank	80,500	
8% Long-term loan		200,000
	408,100	408,100

Additional information:

1. Closing inventory was valued at RM25,000.
2. Motor vehicles expenses owing RM400.
3. Rental includes RM600 paid in advance.
4. Interest on loan has not been paid for the year.
5. The owner took cash RM1,300 for his family use and no record was made.
6. Depreciation is to be charged as follows:

Motor vehicles	10% on straight line method.
Office equipment	25% on reducing balance method.

Continued...

Required:

- a) Prepare the statement of profit or loss for the year ended 31 December 2017. (15 marks)
- b) Prepare the statement of financial position as at 31 December 2017. (10 marks)

[Total: 25 Marks]**QUESTION 2**

Salehuddin Bhd. is estimating its needs for funds for the fourth quarter of the year 2017. The following table presents the forecasted monthly sales from July 2017 to January 2018:

	July 2017	August 2017	September 2017	October 2017	November 2017	December 2017	January 2018
Sales revenue (RM)	120,000	100,000	110,000	120,000	130,000	140,000	150,000

Additional information:

- Opening cash balance on 1 October 2017 is expected to be RM20,000.
- 20% of sales are collected in the month of sales, 50% one month after the month of sales and 30% two months following the month of sales.
- Purchase amounted to 60% of sales revenue and are made one month prior to anticipate sales.
- Payment for the purchase are as follows: 50% in the month of purchases, 35% one month after purchases and 15% two month after purchases.
- Wages and other expenses are 20% of the month's sales and the payment are made in the month which they are incurred.
- A new machine with a cost of RM15,000 will be installed in September 2017 but the payment will be made in December 2017.
- The company wishes to maintain a minimum cash balance of at least RM50,000 at the end of each month. The company borrows money from the bank at 6% interest if necessary to maintain the minimum cash balance. Borrowed money is repaid in months when there is an excess cash balance.

Required:

- a) Prepare separate schedules for expected collections from customers and expected payments for purchases of inventory. (6 marks)
- b) Prepare a cash budget for the month of October, November and December 2017. (19 marks)

[Total: 25 Marks]**Continued...**

QUESTION 3

Vanissa Berhad's comparative statements of financial position are presented below.

Comparative Statement of Financial Position

	<u>2017</u>	<u>2016</u>
Equipment	RM60,000	RM70,000
Accumulated depreciation	(14,000)	(10,000)
Investments	25,000	16,000
Accounts receivable	25,200	22,300
Cash	<u>12,200</u>	<u>17,700</u>
Total	<u>108,400</u>	<u>116,000</u>
Share capital-ordinary	50,000	45,000
Retained earnings	33,800	29,900
Bonds payable	10,000	30,000
Accounts payable	<u>14,600</u>	<u>11,100</u>
Total	<u>108,400</u>	<u>116,000</u>

Additional information:

1. Net income was RM19,300. Dividends declared and paid were RM15,400.
2. Equipment which costed RM10,000 and had accumulated depreciation of RM2,200 was sold for RM3,800.
3. All other changes in non-current account balances had a direct effect on cash flows, except the change in accumulated depreciation.

Required:

- a) Prepare a statement of cash flows for 2017 using the indirect method. (20 marks)
- b) Why is the statement of cash flows useful? (2 marks)
- c) Why is it necessary to convert accrual-based net income to cash-based income when preparing a statement of cash flows? (3 marks)

[Total: 25 Marks]

Continued...

QUESTION 4**(A)**

Izzatie operates a bed and breakfast hotel in a resort area near Bukit Merah, Perak. Depreciation on the hotel is RM60,000 per year. Izzatie employs a maintenance person at an annual salary of RM32,000 and a cleaning person at an annual salary of RM24,000. Real estate taxes are RM10,000 per year. The rooms rent at an average price of RM60 per person per night including breakfast. Other costs are laundry and cleaning service at a cost of RM10 per person per night and the cost of food which is RM5 per person per night.

Required:

- Determine the number of rentals and the sales revenue Izzatie needs to break even using the contribution margin technique. (8 marks)
- If the current level of rentals is RM3,500, by what percentage can rentals decrease before Izzatie has to worry about having a net loss? (2 marks)
- Izzatie is considering upgrading the breakfast service to attract more business and increase prices. This will cost an additional RM3 for food costs per person per night. Izzatie feels she can increase the room rate to RM66 per person per night.

Determine the number of rentals and the sales revenue Izzatie needs to break even if the changes are made. (5 marks)

(B)

Sakinah Berhad incurred the following costs while manufacturing its product.

	RM		RM
Materials used in product	140,000	Advertising expense	45,000
Depreciation on plant	70,000	Property taxes on plant	20,000
Property taxes on store	8,500	Delivery expense	21,000
Labor costs of assembly-lines workers	120,000	Sales commissions	45,000
Factory supplies used	35,000	Salaries paid to sales clerks	55,000

Additional information:

- Work-in-process inventory was RM15,000 as at 1 January 2017 and RM19,000 as at 31 December 2017.
- Finished goods inventory was RM50,000 as at 1 January 2017 and RM45,000 as at 31 December 2017.

Required:

- Compute cost of goods manufactured. (6 marks)
- Computed cost of goods sold. (4 marks)

[Total: 25 Marks]**End of Page**